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USDOC FOR 532/OEA/LHINES/DFARROW  
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM  
ZARIT  
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

BEIJING FOR FCS JEANETTE CHU

SIPDIS

E.O. 12958: N/A  
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)  
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION:  
ERQIANG TECHNOLOGY (H.K.)  
REF: A) USDOC 06595

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

12. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) and Commercial Assistant Sandy Lai conducted a pre-license check (PLC) at Erqiang Technology (H.K.) (Erqiang), Flat 1105, Block B, Ching Lai Court 264 Lai King Hill Road, Kowloon, Hong Kong. The item in question is five ring polyphenyl ether, classified under Export Control Classification Number (ECCN) 1C006 and controlled for national security (NS) reasons. If properly classified, this item would most likely not require a license for export to Hong Kong but would require a license to mainland China. The exporter is Arch Technology Holding LLC of St. Charles, Missouri.

13. The ECO and Commercial Assistant visited Erqiang at the address referenced above on December 18, 2006 and met with Ms. Hoi Ping Chu, representative of Erqiang responsible for this shipment. Erqiang's office is located in a small flat in a residential building. Ms. Chu was open and forthcoming during the interview. She provided background on Erqiang and its business, which involves the provision of logistics and freight forwarding services on behalf of mainland Chinese company, Photon Technology Co., Ltd. (Photon Shenzhen), the foreign purchaser noted in Reftel A. Ms. Chu stated that Photon Shenzhen is the parent company of Erqiang although Erqiang is not Photon Shenzhen's sole logistics provider. During the meeting, the ECO noticed several boxes marked "Photon" in the Erqiang office. Ms. Chu stated that shipments for Photon Shenzhen are sent to her (modest) office and she arranges for their further shipment to Shenzhen.

14. According to the Hong Kong companies registry, Erqiang has been in existence since October 2000. Its directors are Yi Shun Eunice Yeung and Er Qiang Zhao. According to the Hong Kong companies registry, Erqiang is collocated with another company, Photon Technology Company Limited, established in 2003. Ms. Chu is a director of that company as is Ms. Sau Yuen Yeung who was present during the meeting with Ms. Chu. By subsequent phone call, Ms. Chu clarified that Photon

Technology Company Limited is a sales office for Photon Shenzhen and operates separately from Erqiang. Ms. Chu claimed not to know anything about another apparently related company, Neophotonics Corporation Limited, established in August 2004 but located in downtown Hong Kong.

¶5. A review of the Photon web site ([www.photontec.com.cn](http://www.photontec.com.cn)) suggests the following likely relationship between the various companies. Neophotonics, Inc. of San Jose California ([www.neophotonics.com](http://www.neophotonics.com)) is the parent of Photon Shenzhen. Neophotonics and Photon Technology Co., Ltd. merged in 2005. Photon Shenzhen is the likely parent of Erqiang and Photon Technology Company Limited (the Hong Kong entity). Neophotonics Corporation Limited is likely the Hong Kong affiliate of Neophotonics, Inc. of San Jose.

¶6. With respect to the item that is the subject of the PLC, Ms. Chu provided an "End User Application Statement" signed by Zie Zhang, Supplier Management Engineer for Photon Shenzhen (also identified in this document as Neophotonics (China) Corp.). In that statement, Mr. Zhang confirms that all products of Arch Technology Holding LLC (the license applicant) will be used only in the manufacturing of modules and components for telecommunications applications. Ms. Chu stated that she was unaware of Photon Shenzhen's customers.

¶7. Almost at the outset of the meeting, Ms. Chu asked the ECO whether this transaction would require a Hong Kong import and export license. The ECO stated that he was not expert in Hong Kong export control regulations

and Ms. Chu would likely obtain a definitive answer on the subject from the Trade and Industry Department of the Hong Kong Government (TID). The ECO did, however, note that this particular item was likely on TID's list of items subject to control and that therefore a TID license might well be required. Ms. Chu seemed disappointed at the prospect of requesting a TID license, stating that she had had problems applying for a TID license some years ago in relation to the import of some products manufactured by Phillips. She stated that she had not applied for any TID licenses since then.

¶8. At the time visited, ERQIANG appeared to be a suitable recipient of the controlled items (as logistics provider to Photon Shenzhen) since it cooperated with the PLC and has a line of business consistent with its role in the transaction. The ECO recommends that this PSV be classified as Favorable.

Sakaue